

Fixed annuity sales dipped sharply in 3Q2017

By Editorial Staff Thu, Nov 23, 2017

'Despite the unfavorable market conditions for annuity sales, I still anticipate that fourth quarter will be strong,' said Sheryl J. Moore of Wink, Inc., which tracks fixed annuity sales. 'The fourth quarter is always robust [for annuities].'

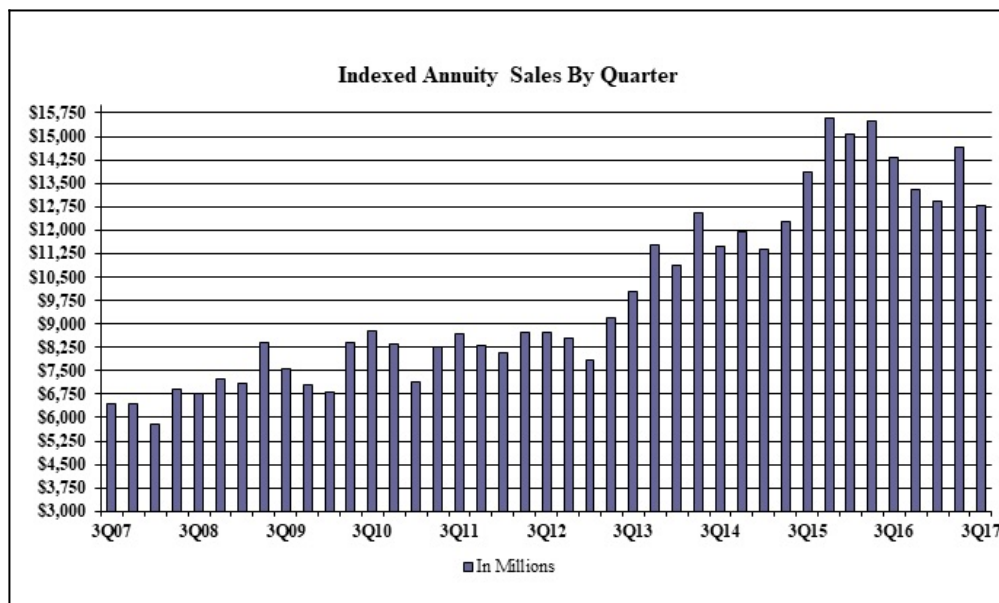


Annuities are experiencing a big chill, thanks to the Trump bull market, rising interest rates (which boosts competing sales of certificates of deposit), and possibly because of continuing uncertainty over the DOL fiduciary rule, whose provisions for indexed and variable annuity sales remain in limbo.

The focus here and now is on fixed annuities. Sales of non-variable deferred annuity sales were over \$20.2 billion in the third quarter of 2017, which was down 14.0% from the prior quarter, and 11.1% lower than in same period a year prior, according to the 81st quarterly edition of *Wink's Sales & Market Report*.

The report is based on sales data from 57 fixed indexed annuity (FIA) providers, 53 traditional fixed annuity providers and 57 multi-year rate guaranteed annuity (MYGA) issuers.

Allianz Life led in non-variable deferred annuity sales, with a market share of 9.4% across all channels. The Minneapolis-based firm held an industry-leading 14.9% share of the FIA market. Its Allianz 222 Annuity, an FIA, was the top-selling non-variable deferred contract. It was also the top-selling FIA for the thirteen consecutive quarter.



Other top non-variable fixed annuity sellers included New York Life, Global Atlantic Financial Group,

Athene USA, and AIG, in that order. Within the FIA market alone, Nationwide, Athene USA, American Equity Companies, and Great American Insurance Group, in that order, trailed Allianz Life.

FIA sales for the third quarter were over \$12.7 billion. That was down 12.6% from the previous quarter, and down 10.5% from the same period last year. Rising interest rates and rising equity prices were cause, according to Wink president and CEO Sheryl J. Moore.

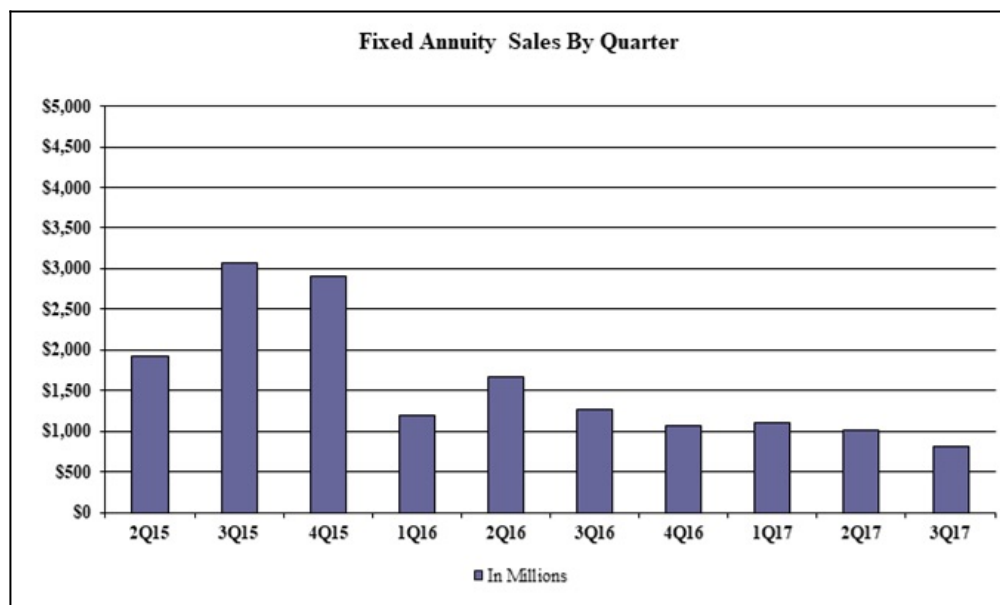
“Rates have increased substantially on certificates of deposits from last quarter, and the [stock] market is on the rise,” said Moore, who is also president of Moore Market Intelligence. “There is typically an inverse relationship between CD rates and sales of fixed and indexed annuities.

“Likewise, whenever the market is on the rise, that hurts sales of these products. Despite the unfavorable market conditions for annuity sales, I still anticipate that fourth quarter will be strong,” she added. “The fourth quarter is always robust [for annuities].”

Traditional and MYGA annuities

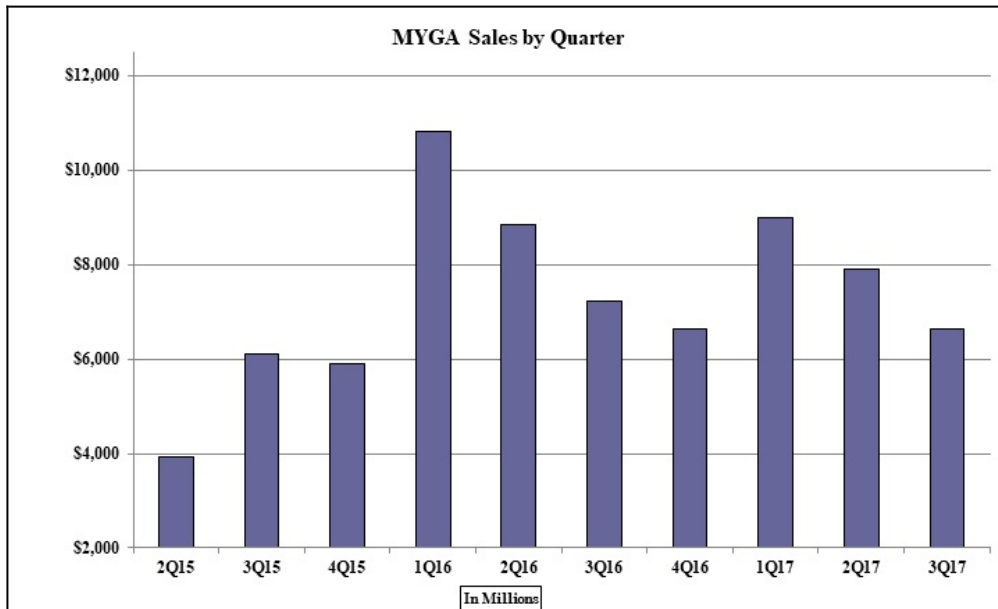
Total sales of traditional fixed annuities, which offer a one-year guaranteed rate, were over \$809.5 million in the third quarter. That was 20.7% lower than the previous quarter and 35.9% lower than the same period last year.

Jackson National Life issued the most fixed annuities in the third quarter and held a market share of 16.5%. Modern Woodmen of America ranked second and was followed by Global Atlantic Financial Group, Reliance Standard, and Great American Insurance Group. Forethought Life’s ForeCare Fixed Annuity was the top-selling fixed annuity for the quarter, for all distribution channels combined.



Sales of MYGAs, which offer a guaranteed rate for more than one year, were over \$6.6 billion in the third quarter; 15.7% lower than the previous quarter and 7.9% lower than the same period last year. The top

issuer was New York Life, with a market share of 25.1%, followed by Global Atlantic Financial Group, AIG, Security Benefit Life, and Delaware Life. Forethought's SecureFore 5 Fixed Annuity was the top-selling MYGA for the quarter for all channels combined.



Wink will begin reporting on sales indexed variable annuities beginning in the first quarter of 2018, the release said, and plans to report sales of immediate and variable annuities in the near future. Issuers of indexed variable annuities, a registered product, include Allianz Life, AXA, CUNA Mutual, MetLife and Voya.